

Auditing Procedures Report

Issued under P.A. 2 of 1986, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Maple Rapids Public Library	County Clinton
Fiscal Year End 12/31/07	Opinion Date April 1, 2008	Date Audit Report Submitted to State May 16, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES


NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number 517-351-6836	
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State MI
Zip 48823			
Authorizing CPA Signature 	Printed Name Alan D. Panter, CPA		License Number 1101020708

**Maple Rapids Public Library
Clinton County, Michigan**

FINANCIAL STATEMENTS

December 31, 2007

Maple Rapids Public Library

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Principals

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Michael T. Gaffney, CPA
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Maple Rapids Public Library
Maple Rapids, Michigan

We have audited the accompanying financial statements of the Maple Rapids Public Library as of and for the year ended December 31, 2007, as listed in the Table of Contents. These financial statements are the responsibility of the Library's Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the Maple Rapids Public Library prepares its financial statements on the basis of cash receipts and disbursements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements referred to above do not include the Library's capital assets which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded for capital assets is not known.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Maple Rapids Public Library as of December 31, 2007, and its revenues, expenditures, and changes in fund balance for the year then ended on the basis of accounting described in Note A.

The Library has not presented a management's discussion and analysis (MD&A) as required supplementary information to the financial statements. The Governmental Accounting Standards Board has determined that the MD&A is necessary to supplement, although not required to be part of the basic financial statements.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

April 1, 2008

Maple Rapids Public Library

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS

December 31, 2007

ASSETS	
Cash	<u>\$ 49,426</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	\$ -0-
FUND BALANCE	
Unreserved	
Undesignated	<u>49,426</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 49,426</u>

See accompanying notes to financial statements.

Maple Rapids Public Library

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - CASH BASIS

Year Ended December 31, 2007

RECEIPTS

Taxes	\$ 8,355
Penal fines	37,439
Intergovernmental - State	3,110
Contributions - local	1,412
Donations	40
Interest	1,358
Video rentals	4,242
Charges for services	1,564
Miscellaneous	4,190
	<hr/>
TOTAL RECEIPTS	61,710

DISBURSEMENTS

Current	
Recreation and cultural	
Salaries	21,041
Payroll taxes	7,348
Office supplies	2,882
Books, periodicals, tapes, and videos	8,767
Per diem fees	500
Insurance	814
Professional	4,066
Utilities	5,241
Cooperatives	2,982
Repairs and maintenance	121
Dues and membership	150
Summer reading program	200
Miscellaneous	829
	<hr/>
TOTAL DISBURSEMENTS	54,941
	<hr/>
NET CHANGE IN FUND BALANCE	6,769

Fund balance, beginning of year	<hr/> 42,657
Fund balance, end of year	<hr/> \$ 49,426

See accompanying notes to financial statements.

Maple Rapids Public Library
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A: DESCRIPTION OF LIBRARY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Under Public Act 164 Section 10 of 1877, the Village of Maple Rapids created the Maple Rapids Public Library. The Village collects and distributes property taxes that are levied by the Library. The Library has no stockholders, and all monies received are to be used for certain specified purposes in accordance with the by-laws of the Library.

The governing body of the Library is an elected Board by the Village, which is comprised of seven (7) members.

The Maple Rapids Public Library's goal is to provide quality library service to Maple Rapids area residents by improving library service and encouraging educational advancement.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14 (as amended by GASB Statement No. 39), *The Financial Reporting Entity*; and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present all financial activities of the Maple Rapids Public Library. The Maple Rapids Public Library has no activities that would be classified as component units.

2. Basis of Presentation

The operation of the Library is organized on the basis of a General Fund. The operation of the General Fund is accounted for with a separate set of self-balancing accounts that comprise of assets, liabilities, fund equity, revenues, and expenditures. Library resources are allocated to and accounted for in the general fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The General Fund reported in the financial statements is categorized and described as follows:

GOVERNMENTAL FUNDS

- a. General Fund - The General Fund is the general operating fund of the Library and is used to account for all financial resources.

3. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Statement of Assets, Liabilities, and Fund Balance - Cash Basis. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The accounting policies of the Library do not conform to accounting principles generally accepted in the United States of America as applicable to Libraries. The General Fund is accounted for using the cash basis of accounting. That basis differs from accounting principles generally accepted in the United States of America primarily because the Library has not recognized accounts receivable, accounts payable, and accrued items and their related effects on the changes in fund balance.

Maple Rapids Public Library
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE A: DESCRIPTION OF LIBRARY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Cash

Cash consists of a money market checking account.

6. Property Taxes

The Village levies and collects the property taxes for the Library. The Library tax is collected and paid in full by the Village Treasurer. At March 1 each year the Village settles their delinquent taxes with their County Treasurer and the unpaid real property tax is remitted to the Village by the County Treasurer in Clinton County. Delinquent personal property taxes are retained by the Village Treasurer for subsequent collection. The Library is permitted to levy up to \$1 per \$1,000 of assessed valuation on property within the Village. For the year ended December 31, 2007, the Library levied 0.8301 mills.

7. Budgets and Budgetary Accounting

The General Fund budget shown as required supplementary information to the financial statements was prepared on a basis consistent with the basis used to reflect actual results. The Library employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. The Library prepares the proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and resources to finance them.
- b. Prior to incurring significant expenditures, the budget is legally enacted through Library Board action.
- c. The budget is legally adopted at the total expenditure account level and maintained at the account level.
- d. Budgeted amounts are reported as originally adopted or amended by the Library Board during the year.

8. Capital Assets

Capital assets are not reported in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds.

9. Comparative Data

Comparative data has not been presented in the financial statements due to the Library's requirement to prepare audited financial statements only once every two years.

NOTE B: CASH

In accordance with Michigan Compiled Laws, the Maple Rapids Public Library is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

Maple Rapids Public Library
NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE B: CASH - CONTINUED

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of December 31, 2007, the carrying amount and bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking	\$ 49,426	\$ 51,700

Deposits of the Library are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Maple Rapids Public Library. As of December 31, 2007, the Library's deposits were fully insured by the FDIC.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The Library has not adopted a policy that indicates how the Library will minimize credit risk if/when the Library has investments that are subject to this type of risk.

Maple Rapids Public Library
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE B: CASH AND INVESTMENTS - CONTINUED

Interest rate risk

The Library has not adopted a policy that indicates how the Library will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time, if/when the Library has investments that are subject to this type of risk.

Concentration of credit risk

The Library has not adopted a policy that indicates how the Library will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Library's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized, if/when the Library has investments that are subject to this type of risk.

NOTE C: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the budgetary comparison schedule, the Library's budgeted expenditures in the General Fund have been shown at the functional classification level. The approved budget of the Library has been adopted at the total expenditure level for the General Fund.

During the year ended December 31, 2007 the Library incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government	\$ 54,500	\$ 54,941	\$ 441

NOTE D: RISK MANAGEMENT

The Library is exposed to various risks of loss for general and property liability for which the Library carries commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

Maple Rapids Public Library

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
Taxes	\$ 7,500	\$ 7,500	\$ 8,355	\$ 855
Penal fines	35,500	35,500	37,439	1,939
Intergovernmental - State	2,800	2,800	3,110	310
Contributions - local	1,200	1,200	1,412	212
Donations	-	-	40	40
Interest	-	-	1,358	1,358
Video rentals	5,000	5,000	4,242	(758)
Charges for services	2,500	2,500	1,564	(936)
Miscellaneous	-	-	4,190	4,190
TOTAL RECEIPTS	54,500	54,500	61,710	7,210
DISBURSEMENTS				
Current				
Recreation and cultural				
Salaries	22,500	22,500	21,041	1,459
Payroll taxes	7,500	7,500	7,348	152
Office supplies	5,000	5,000	2,882	2,118
Books, periodicals, tapes, and videos	10,280	10,280	8,767	1,513
Per diem fees	500	500	500	-0-
Insurance	820	820	814	6
Professional	-	-	4,066	(4,066)
Utilities	6,000	6,000	5,241	759
Cooperatives	-	-	2,982	(2,982)
Repairs and maintenance	500	500	121	379
Dues and membership	1,400	1,400	150	1,250
Summer reading program	-	-	200	(200)
Miscellaneous	-	-	829	(829)
TOTAL DISBURSEMENTS	54,500	54,500	54,941	(441)
NET CHANGE IN FUND BALANCE	-0-	-0-	6,769	6,769
Fund balance, beginning of year	42,657	42,657	42,657	-0-
Fund balance, end of year	\$ 42,657	\$ 42,657	\$ 49,426	\$ 6,769

Principals

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MANAGEMENT LETTER

To the Members of the Board of Trustees
Maple Rapids Public Library
Maple Rapids, Michigan

Dear Ladies/Gentlemen:

As you know, we have recently completed our audit of the records of Maple Rapids Public Library for the year ended December 31, 2007. In connection with the audit, we feel that a certain change in your accounting procedures would be helpful in improving management's control and the operational efficiency of the accounting functions. This suggestion is a result of our evaluation of the internal control structure and our discussions with management.

1. The Library will need to implement GASB 34 for the next audit.

As you know, past practice for the Maple Rapids Public Library has been to issue financial statements consistent with the cash basis of accounting, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). We have been informed by the Michigan Department of Treasury that the financial statements for the year ended December 31, 2007 will be the last time that cash basis financial statements will be accepted. This means that the Library will be required to submit GAAP financial statements for the year ended December 31, 2009.

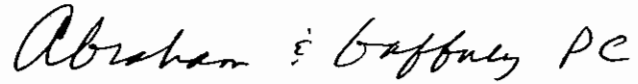
The most significant impact that the preparation of GAAP financial statements will have is the implementation of Governmental Accounting Standards Board Statement 34 (GASB 34), which requires (among other things) that capital assets be recorded and depreciated in a new set of full-accrual basis "government-wide" financial statements. For the implementation of this new reporting model, the Library will need to adopt a capital asset policy to define long-lived assets that would be capitalized and depreciated in the financial statements and specify a dollar threshold for those assets. The Library will also need to compile a list of all significant assets that would be covered under their policy.

We suggest the Library adopt a capitalization threshold policy that would define assets that are to be included in the financial statements as capital assets and compile a list of capital assets currently owned. This policy should be applied for the capitalization of assets and for future purchases. We, as the independent auditors, will assist with other aspects of this change in financial reporting requirements as part of the December 31, 2009 audit.

This condition was considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the basic financial statements, and this report does not affect our report on the financial statements, dated April 1, 2008.

This report is intended solely for the use of management and the Board of Trustees of the Maple Rapids Public Library, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you, and to provide assistance in the implementation of improvements.

A handwritten signature in cursive script that reads "Abraham & Gaffney PC".

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

April 1, 2008

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS

To the Board of the
Maple Rapids Public Library
Maple Rapids, Michigan

We have audited the accompanying financial statements of the Maple Rapids Public Library, as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated April 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Maple Rapids Public Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We identified the following control deficiencies that we consider to be significant deficiencies in internal control over financial reporting:

PREPARATION OF FINANCIAL STATEMENTS

Effective for all audits occurring after the year ended December 31, 2006, Statement on Auditing Standards No. 112 titled *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate when a client requires assistance in the preparation of financial statements and the related footnotes that are required in accordance with the other comprehensive basis of accounting that the financial statements have been presented in compliance with (cash basis). Throughout the year the Library presents monthly financial reports to the Board. The annual audited financial statements for the year ended December 31, 2007 required no audit adjustments.

PREPARATION OF FINANCIAL STATEMENTS - CONTINUED

The staff at the Maple Rapids Public Library does understand substantially all of the information included in the financial statements, and as such are able to take responsibility for the content. However, the presentation of financial statements in accordance with the cash basis of accounting also includes the preparation of cash basis financial statements and note disclosures. Currently the cash basis financial statements and note disclosures are prepared during the audit process. We are communicating these circumstances as required by professional standards, and do not see a need for any change in the situation at this time.

CASH RECEIPT RECORDS

During our testing of the receipt process, we noted that the Library did not have a detailed receipt log and supporting documentation was not retained for receipts throughout the year. This issue was noted and reported in our prior audit comments.

We recommend that a receipt log be maintained for all cash receipts and that all supporting documentation is retained.

FRAUD RISK MANAGEMENT PROGRAM

During the course of our audit, we noted that the Library has not developed or implemented a fraud risk management program. Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Due to the Library not developing a fraud risk assessment and monitoring program it is unable to assess the Library's vulnerabilities to fraudulent activity and whether any of those exposures could result in material misstatement of the financial statements.

We recommend that the Library develop and formally implement a fraud risk management program that is appropriate to the size and complexity of the organization. Such a fraud risk management program may involve actively searching for fraudulent transactions through the use of techniques such as data mining, but should also include informing management and employees as to the nature of fraud and actions expected to be taken if fraud is suspected. This would include publishing a definition of fraud, a statement that fraud will not be tolerated within the organization, and instructions for reporting fraud within the chain of command.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Maple Rapids Public Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance:

CREDIT CARD POLICY

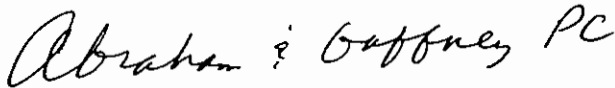
During the course of the audit it was noted that the Library had received credit cards to purchase supplies. An inquiry of Library personnel indicated that the Library Board had not adopted a formal written credit card policy as required by P.A. 266 of 1995 (MCL 129.241). This issue was noted and reported in our prior audit comments.

CREDIT CARD POLICY - CONTINUED

We recommend that the Library adopt a formal credit card policy as soon as possible to comply with the State of Michigan requirements. The policy must include and/or address the following items:

- a. An officer or employee designated to oversee credit card issuance, accounting, monitoring, and compliance with the policy;
- b. The use of the credit card only for the purchase of goods and services for the official business of the local unit;
- c. User of the credit card must submit documentation of what goods and services were purchased, the cost, the date of purchase, and the official business for which purchase was made;
- d. Office or employee is responsible for credit card protection and custody and must report lost or stolen cards;
- e. Credit card to be returned to local unit at termination of official or employee;
- f. Internal control systems over the use of credit cards;
- g. Approval of credit card invoices prior to payment
- h. The balance including interest must be paid within 60 days of the initial statement date;
- i. Disciplinary measures for unauthorized use of a credit card; and
- j. Other matters the local unit considers advisable.

This report is intended solely for the information and use of management and the Board of the Maple Rapids Public Library, others within the organization, and applicable departments of the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

April 1, 2008